

U.S. Department of Housing and Urban Development

Public and Indian Housing

Special Attention of:

Office Directors of Public Housing;  
Secretary's Representatives; Public Housing  
Agencies Administering Section 8 Programs,  
Administrators Office of Native American  
Programs.

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**Notice PIH 2000-28 (HA)**

Issued: August 9, 2000

Expires: August 31, 2001

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Cross References:

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**Subject: Housing Choice Voucher Program and Rental  
Certificate**

**Program: PHA Administrative Fees**

1. **PURPOSE**. This Notice provides instructions to public housing agencies (PHAs) and HUD field staff about the special administrative fees authorized under the tenant-based assistance programs. The administrative fees identified in this notice are the only special fees approved by HUD field staff. Any other administrative fees must be submitted to Headquarters for approval.
2. **BACKGROUND**. HUD currently pays PHAs administrative fees for the costs of administering the housing choice voucher program and the rental certificate program. HUD also pays special administrative fees for the extraordinary costs associated with certain types of "special purpose" tenant-based assistance programs.
3. **APPLICABILITY**. This Notice is applicable to all PHAs administering the housing choice voucher program or the certificate programs.
4. **EFFECTIVE DATE**. This Notice is effective upon publication.
5. **APPROVAL OF ADMINISTRATIVE FEES**. Administrative fees may be approved as follows:
  - A. **On-going Administrative Fees**. The tables for reimbursing PHAs for on-going program administration are published in

the Federal Register annually. The fiscal year 2000 administrative fee tables were published in the Federal Register on February 25, 2000. The monthly per unit amounts identified on the published tables are used to calculate the amount of on-going administrative fees to

reimburse PHAs for on-going costs of program administration. The Financial Management Center approves the amount of the on-going administrative fee to be paid

to

the PHA on the PHAs year-end settlement statement.

- B. Housing Conversion Fees. PHAs are entitled to receive reimbursement for their out-of-pocket expenses up to \$250 per unit that is occupied at the time Headquarters provides housing choice vouchers to the PHA for a Housing conversion action. This Housing conversion fee applies to all Housing conversion actions: owner prepayment of a mortgage, opt-outs, property disposition actions, and enforcement actions.

The field office authorizes the PHA to make use of this special fee and identifies the amount authorized in its application approval letter. The Financial Management Center approves the actual amount to be paid to the PHA based on actual, eligible, costs reflected on the PHA's year-end settlement statement.

- C. Preliminary Fees. PHAs may earn a preliminary fee up to \$500 per unit as reimbursement for actual preliminary expenses the PHA incurred in the first year the PHA administers a housing choice voucher program. The preliminary fee is only provided to a PHA that was not administering a program on October 1, 1999 and only for the first funding increment placed under ACC after October 1, 1999.

The Grants Management Center authorizes the PHA to make use of this special fee and identifies the amount authorized in its application approval letter. The Financial Management Center approves the actual amount to be paid to the PHA based on actual costs reflected on the PHA's year-end settlement statement.

- D. Counseling Fees. Headquarters may provide a specific funding increment for counseling fees in connection with litigation, regional opportunity counseling, and public

housing demolition or HOPE VI activities. These funds may only be used for counseling purposes under the housing choice voucher program.

The field office authorizes the PHA to make use of this special fee and identifies the amount authorized in its application approval letter. The Financial Management Center approves the actual amount to be paid to the PHA based on actual costs reflected on the PHA's year-end settlement statement.

E. Hard-to-House Fee for Large Families. HUD pays PHAs a hard-to-house fee for the extra effort provided by a PHA in assisting families with three or more minors to enable them to find suitable housing. PHAs will be provided \$75 each time a hard-to-house family is actually housed in a unit other than the family's preprogram unit. The Financial Management Center approves the actual amount to be paid to the PHA based on PHA data reflected on the PHA's year-end settlement statement.

F. Hard-to-House Fee for a Family with a Disabled Person. HUD pays PHAs a hard-to-house fee for the extra effort provided by a PHA in assisting families with a person that has a disability to enable them to find suitable housing. PHAs will be provided \$75 each time a family with a disabled person is actually housed in a unit other than the family's preprogram unit. The Financial Management Center approves the actual amount to be paid to the PHA based on PHA data reflected on the PHA's year-end settlement statement.

6. **MTCS ADMINISTRATIVE FEE PENALTY**. Notice PIH 99-2, issued January 28, 1999 and extended by PIH 2000-13, requires PHAs administering the housing choice voucher program to furnish form HUD-50058, as required by HUD regulations and the Consolidated Annual Contributions Contract. At a minimum PHAs must successfully submit a minimum of 85 percent of their family records as shown by the Multifamily Tenant Characteristic System report records.

For PHAs that fail to meet the minimum reporting rate of 85 percent, the Financial Management Center will impose a 10 percent reduction in on-going housing choice voucher administrative fees. The 10 percent reduction in

administrative fees will be imposed monthly for the six month period that the minimum reporting rate was not attained if forbearance has not been granted.

**7. LEASE-UP PENALTY.** A PHA that has not achieved at least a 90 percent lease up rate (i.e., has not leased at least 90 percent of its contracted units that have been under annual contributions contract for 12 months and has not spent at least 90 percent of its budget authority) is not authorized to use any funds in its administrative fee reserve for any purpose, unless explicitly authorized in writing to use its reserves by the HUD field office. Upon approval of the year end settlement statement, the Financial Management Center will advise the field office if a PHA has not achieved a 90 percent lease-up rate. Until such time as the PHA achieves the 90 percent lease up threshold, the PHA may only use the administrative fee reserve for expenses related to on-going program administration as authorized in writing by the field office.

**8. OTHER SANCTIONS.** The field office may reduce a PHA's administrative fees if there is: 1) evidence of housing quality standards violation in a significant percentage of units sampled during the management review, or 2) for PHA failure to take corrective action where there has been found evidence of intentional program abuse (fraud) or unintentional administrative errors (mistakes) by the PHA, participating owners or families. The amount of the fee reduction should be reasonable based on the nature of the violation. The field office must notify the PHA of the amount of PHA fee that will be disallowed. A copy of the field office letter must be sent to the Financial Management Center no later than 15 days after the end of the PHA's fiscal year, so that the administrative fee can be reduced as part of the approval of the year-end settlement statement.

**9. REQUESTING HIGHER ADMINISTRATIVE FEES.** A PHA may request from the Financial Management Center an increase in administrative fees to cover higher administrative costs

incurred by a PHA as a result of administering a small program or administering a program over a large geographic area. Please note: The request for increased administrative fees applies only to an increase in the on-going administrative fee. A small program is one where the total rental certificates, housing choice vouchers, and moderate rehabilitation units under ACC are less than 200 in the current PHA fiscal year; and a large geographic area is an area covering multiple counties which are predominantly non-metro.

The maximum increase that may be approved by the Financial Management Center is 110 percent of the monthly fees listed under Column A in the administrative fee tables listed annually in the Federal Register. If the Financial Management Center determines that an increase based on the fee tables is not adequate, they may submit to the Real Estate and Housing Performance Division in Headquarters written justification for a higher fee. Any increase will only be good for one PHA fiscal year and is not retroactive to a prior fiscal year.

This Notice extends Notice PIH 96-57. That notice provides more details on the requirements that must be met before the Financial Management Center may approve higher fees for small PHAs and PHA with large geographic jurisdictions.

10. **FOR FURTHER INFORMATION CONTACT.** Inquiries about this notice should be directed to the staff in the Real Estate and Housing Performance Division, Office of Public and Assisted Housing Delivery, at (202) 708-0477.

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Harold Lucas, Assistant Secretary  
for Public and Indian Housing